

Message Text

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ACTION EB-11

INFO OCT-01 AF-10 ISO-00 AID-20 CIAE-00 COME-00 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03

CIEP-02 LAB-06 SIL-01 OMB-01 INT-08 FEA-02 L-03 STR-08

DRC-01 /109 W

----- 043513

R 111050Z APR 74

FM AMEMBASSY COTONOU

TO SECSTATE WASHDC 6066

INFO USDOC

UNCLAS COTONOU 582

E.O. 11652: N/A

TAGS: ECON, DM

SUBJ: FOREIGN INVESTMENT CLIMATE AND STATISTICS

REF: (A) STATE 53993 (NOTAL)

(B) COTONOU 599 (APRIL 26, 1973)

(C) STATE A-1975 (MARCH 6, 1973)

1. INVESTMENT CLIMATE: THE MILITARY REVOLUTIONARY GOVERNMENT OF DAHOMEY HAS ACTIVELY SOUGHT TO ATTRACT FOREIGN INVESTMENT SINCE ITS INSTALLATION IN OCTOBER, 1972. INVESTMENT SOURCES HAVE BEEN TRADITIONALLY FRENCH BUT GOVERNMENT EFFORTS TO DIVERSIFY SOURCES HAVE ATTRACTED VARIOUS AMERICAN AND EUROPEAN INTERESTS. THE REVERSE PREFERENCES GRANTED TO EC MEMBER NATIONS UNDER THE YAOUNDE CONVENTION PUT AMERICAN IMPORTS AT A DISADVANTAGE. HOWEVER, MRGD OPPOSES CONTINUATION SUCH PREFERENCES. THE GOVERNMENT'S GOAL FOR MOST INVESTMENT PROJECTS IS TO INSURE ALL DOMESTIC CONSUMPTION NEEDS ARE MET AND TO EXPORT ANY SURPLUS PRODUCTION TO NEIGHBORING COUNTRIES (USUALLY NIGERIA). MOST OF THE PROPOSALS ARE IN AGRICULTURE OR MINERAL PROCESSING (E.G., A PETROLEUM REFINERY AND A CEMENT PLANT). FACED WITH A GROWING UNEMPLOYMENT PROBLEM, THE GOVERNMENT IS RELYING ON FOREIGN INVESTMENT IN LABOR INTENSIVE INDUSTRIES AO

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CREATE MORE JOBS. INVESTMENT PROPOSALS ARE ENCOURAGED ON A JOINT

BASIS WITH THE GOVERNMENT, USUALLY WITH THE PROVISION THAT THE GOVERNMENT CAN INCREASE ITS CAPITAL PARTICIPATIONZAT A LATER DATE. ONE SPECIAL REGULATION AFFECTING FOREIGN INVESTMENT IS A NEW CODE GOVERNING PETROLEUM EXPLOITATION PASSED IN 1973.

2. RECENT DEVELOPMENTS: THESE INCLUDE THE CREATION OF A NATIONAL INVESTMENT FUND DESIGNED TO PROMOTE PRIORITY INVESTMENT PROJECTS; THE FUND WILL RECEIVE MANDATORY ANNUAL CONTRIBUTIONS FROM ALL BUSINESSES OPERATING IN DAHOMEY. ALSO, THE MARCH, 8?74 SIGNING OF \$70 MILLION SUGAR REFINERY CONTRACT WITH AN ANGLO-AMERICAN GROUP WAS A MILESTONE IN THE GOVERNMENT'S EFFORTS TO DIVERSIFY SOURCES OF INVESTMENT.

3. (A) US DIRECT INVESTMENT (BOOK VALUE), END 1972:

TOTAL:	\$0.5 MILLION
MINING:	NONE
PETROELUM:	\$0.5 MILLION, REPRESENTING ASSETS OF UNION OIL OF CALIFORNIA
MANUFACTURING:	NONE
OTHER INDUSTRIES:	NONE

(B) DIRECT INVESTMENT BY ALL COUNTRIES (BOOK VALUE)
NOT AVAILABLE.

(C) DIRECT FOREIGN INVESTMENT IN US BY FOREIGNERS (BOOK VALUE)
END 1972: NONE.
ANDERSON

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